



## Press Review Taiwan



Trade Office of Swiss Industries, Taipei, 1—31 January 2015

### 1. Switzerland in the local press

#### **Warrant turnover to hit 5 percent of total trades, behind Switzerland**

*Taipei Times, 27.01.2015*

Taiwan Stock Exchange (TWSE) data showed that Taiwan had the fifth-highest warrant turnover (+5 % of the total trading volume) in the world last year, behind Hong Kong, Germany, Israel and Switzerland, according to the Taiwan Securities Association (TSA).

#### **Swiss watchmakers jolted by removal of currency cap**

*Taipei Times, 25.01.2015*

The currency shock has the Swiss companies especially perplexed because the country is the leading exporter of luxury watches and the sector was already feeling the effects of slowed sales to wealthy buyers in China and Russia, as well as competition from a new batch of smartwatches. The chorus of complaints against the central bank's U-turn was led by Nick Hayek, chief executive of Swatch Group. Switzerland's luxury watchmakers are considering raising prices on their timepieces in the eurozone by up to 7 %.

#### **Italy unveils record haul of antiquities from Switzerland raids**

*The China Post, 23.01.2015*

Authorities on Wednesday unveiled what they said was a record haul of rare antiquities illegally looted from Italy and discovered during raids on Swiss warehouses belonging to an accused Sicilian art dealer. Police estimated the value of the 5,361 vases, kraters, bronze statues and frescoes at about 50 million euros (US\$58 million).

#### **Solar plane prepares to go around the world**

*The China Post, 07.01.2015*

A sun-powered plane was loaded onto a cargo carrier on 5 Jan. in Switzerland heading for the Middle East from where it will attempt a revolutionary round-the-world trip. The masterminds of the project are Bertrand Piccard, the scion of a dynasty of Swiss scientists-cum-adventurers, and Andre Borschberg, a former Swiss air force pilot.

#### **Ma has 'memorable' Dec. 31 with underprivileged youths**

*Central News Agency, 04.01.2015*

Instead of partaking in a countdown and watching fireworks, President Ma Ying-jeou spent New Year's Eve with underprivileged children in a remote part of Taiwan, something he described as a "right decision". In a Facebook post, the president revealed that he had a "memorable New Year's Eve" with about 60 children with mental or physical disabilities in a Catholic home for kids with special needs in Taitung, southeastern Taiwan. He had dinner with members of the Sisters of Mercy of the Holy Cross, a **Switzerland-based charity** that founded the children's home, and of Societas Missionaria de Bethlehem (SMB), another Western church organization active in Taiwan.

### 2. Foreign Policy

#### **Taiwan entry into TPP unlikely soon: US experts**

*Taipei Times, 17.01.2015*

Taiwan's entry into the Trans-Pacific Partnership (TPP) free-trade pact is unlikely to happen any time soon. ADB Executive Director said that Taiwan would be a tricky one for the US government, so I don't see any dramatic move in that direction. The director of Asian Studies at Georgetown University said China would be a factor. "Speaking very plainly, in terms of rounding out TPP, the brass ring is China, thus it's going to be hard to have a conversation about Taiwan." He continued that Taiwan had worked very hard to bring itself to the table "in all sorts of different international institutions" and "you can't rule anything out." "If in the long term TPP has a sort of transformational effect on not just the economic, but also the strategic picture, and if the cross-strait relationship continues to improve, you don't know what's possible in the future," he said.

#### **US demands replacement of Taiwan representative**

*Taipei Times, 10.01.2015*

Senior US government officials have made requests to President Ma Ying-jeou's administration that the nation's representative to the US Shen Lyu-shun be replaced over the controversial flag-raising ceremony at Twin Oaks



Estate in Washington on 1 Jan. The US President Barack Obama's administration would bypass Shen and discuss US-Taiwan business directly with the Ministry of Foreign Affairs (MOFA) and the National Security Council (NSC) in Taipei. The flag-raising ceremony and the conferment of medals and orders to uniformed military personnel serving in the US led by Shen has met with US reaction more severe than Shen expected.

### **India delays economic cooperation deal talks**

*Taipei Times, 07.01.2015*

The Indian government has turned down Taiwan's request to take a further step in advancing an economic cooperation agreement for the time being as it focuses on joining the Regional Comprehensive Economic Partnership, the Ministry of Economic Affairs (MOEA) said. MOEA said that New Delhi's response to Taiwan's request was not influenced by Beijing, and that neither Taiwan nor India mentioned China during the annual meeting. The next vice-ministerial meeting will be held in New Delhi in September.

## **3. China Relation**

### **MAC delivers 2014 cross-strait report card**

*Taiwan Today, 23.01.2015*

Efforts to improve cross-strait relations delivered significant progress in 2014 and will pave the way for more exchanges between Taipei and Beijing, according to Mainland Affairs Council (MAC). The most important achievement was the first-ever reciprocal meetings between Wang Yu-chi, the Minister of MAC, and his Beijing counterpart Zhang Zhijun, as well as the subsequent consensus on setting up a communication mechanism.

### **China sets up more listening stations against Taiwan**

China's army has set up at least three new large aerial listening stations in coastal Fujian Province to monitor radio signals from Taiwan, according to a report by Canada-based monthly Kanwa Information Center. One new monitoring station is reportedly only about 23 km away from the Longtian Air Base, where S-300PMU-2 surface-to-air missiles are deployed.

### **Daily quota for independent Chinese tourists set to rise**

*Focus Taiwan, 20.01.2015*

The daily quota for Chinese tourists visiting Taiwan under the Free Independent Traveler (FIT) program will likely be raised to 5,000 from the current 4,000 before the March 5 Lantern Festival, according to the Tourism Bureau. The Taiwan Tourism Association (TTA) noted that about 1.17 million of the more than 3 million Chinese tourists who visited Taiwan last year came to Taiwan under the FIT program.

## **4. Domestic Policy**

### **President Ma's New Year's Day Message**

*Office of President, Taiwan, 01.01.2015*

"Over the past year, our society has experienced a bit of turmoil. However, discontent and antagonism notwithstanding, people have expressed their views through the ballot. Taiwan has, over time, become a mature democracy, and so we saw calm return soon after the elections. Following the food safety crises of last year, we acknowledged our failures, and learned from our mistakes. Tapping into every resource at our disposal as the nation's government, we carried out thorough investigations and imposed severe punishments. As the new year unfolds, the government must bear in mind the lessons it has learned. Temporary calm does not mean that issues have been resolved, but rather that people are anticipating reform. If we, who are responsible for governing the country fail to critically assess our performance and find ways to dispel dissatisfaction and antagonism, society will not remain peaceable for long. Therefore, as we ring in this New Year, I wish to address the direction of our future efforts in three spheres: social reconciliation; cooperation between the ruling and opposition camps; and peace across the Taiwan Strait."

### **Address nuclear waste issue, says Taiwan's atomic energy head**

*Central News Agency, 27.01.2015*

The head of Taiwan's Atomic Energy Council (AEC) urged the country to address its nuclear waste problem, saying that putting it off would be counter to generational and environmental justice. Regardless what Taiwan's energy policy is in the future, the council said, Taiwan needs to handle the radioactive waste issue in an orderly way. "Funds and technology will not be problems as long as a safety system is implemented and we spend time and energy on the issue," AEC noted. "The only thing that needs to be solved is to achieve a consensus and communicate with the public."



### **DPP states hope to phase out nuclear power by 2025**

*Central News Agency, 24.01.2015*

Democratic Progressive Party (DPP) Chairwoman said her party is aiming to phase out nuclear power in Taiwan by 2025. The DPP will try to achieve the goal by increasing the percentage of **renewable energy** from 4 % at present to 20 % in 10 years. The Party is planning to propose an amendment to the Electricity Act to break the state's energy monopoly and to make the country's electric power industry more efficient.

### **New financial regulations to bring in new era**

*Focus Taiwan, 22.01.2015*

The passages of revision of four financial acts (the Banking Act, the Offshore Banking Act, the Insurance Act, and the Financial Consumer Protection Act, and the Electronic Payment Act) by the Legislature were lauded by the financial regulator as a milestone for the country's financial development. The revised Banking Act will give local banks a free hand to engage in overseas acquisition. The revised Insurance Act will give the Financial Supervisory Commission the power to force loss making insurance companies to take measures to remedy it in time. The Act also gives the FSC the power to take over companies which didn't have enough capital to cover operating loss. The revision of the Financial Consumer Protection Act is meant to prevent banking institutes from selling financial products recklessly, and stop the chiefs of financial institutes from compelling their wealth managers to sell these products.

### **Taiwan Transportation Ministry wants Uber's registration revoked**

*Central News Agency, 10.01.2015*

Ministry of Transportation and Communications said that it has asked the Ministry of Economic Affairs to revoke the company registration of ridesharing service Uber in Taiwan. The ministry said Uber has registered in Taiwan as an information services business while in reality it is operating a transportation business. It has also hired drivers who do not have commercial driver's licenses, a requirement for local taxi drivers.

### **New duties aim to beat Taobao tax dodgers in Taiwan**

*ChinaTimes, 08.01.2015*

Taiwan's tax authorities plan to levy a duty on imported goods purchased online even if their value is under NT\$3,000 (US\$95). The amendment to this regulation is believed to be aimed at imposing taxes to goods bought online and sent to Taiwan by Taobao, China's leading online shopping platform. The Ministry of Finance established a "Taobao task force" in April last year to monitor the situation. From then to October, over 338,000 Taobao packages were sent to Taiwan, with total import tax amounting to NT\$447.28 million (US\$13.98 million). If the new rules had been in place, the figure would have been 20 % to 30 % higher. Under the new rules, the finance ministry can investigate a buyer in Taiwan receiving multiple packages if two of three criteria match — same address, same recipient and same arrival flight, making it harder to smuggle commercial goods into the country in small amounts.

## **5. Economy/Finance**

### **Consumer confidence index reaches record high**

*The China Post, 29.01.2015*

Thanks to falling oil prices and stable price levels in general, the local consumer confidence index (CCI) rose to all-time high of 88.23 points in January, according to a study conducted by the National Central University. The stock investment index rose 4.4 points, the highest among the sub index, to 92.3. Six Reasons the Stock Market Will Improve: 1. most research centers predicted 3-4 % GDP growth for Taiwan; 2. listed companies had an average of 5.4 % growth last year; 3. the Financial Supervisory Commission (FSC) is set to introduce new measures to boost trading in the stock market; 4. the government's policies to push down the housing market will drive more capital into stock investment; 5. the FSC is inviting Chinese tourists to invest in local stocks; 6. there is an overflow of foreign capital in the market.

### **Nation's economic freedom advanced**

*Taipei Times, 28.01.2015*

Taiwan has been ranked 14th in a list that evaluates economic freedom, climbing two places higher than last year in the annual Index of Economic Freedom published by the Heritage Foundation in Washington. Taiwan placed fifth out of 42 economies in the Asia-Pacific region, with its overall score well above the global average. Five entities — Hong Kong, Singapore, New Zealand, Australia and Switzerland — were placed in the "totally free"



category, with Taiwan falling into the second-level category of “mostly free.” China was ranked 139th, placing it in the “mostly unfree” category.

### **Industrial production hits record high in 2014**

*The China Post, 25.01.2015*

Taiwan's industrial production hit a record high in 2014 due to the rising popularity of mobile communications devices, which gave a boost to the local electronics sector, according to the Ministry of Economic Affairs (MOEA). The MOEA cited statistics as showing that the local industrial production index rose 6.14 % year-on-year to 106.56, the highest level on record, while the growth rate marked a new high in four years.

### **Unemployment drops to lowest level in 14 years**

*Central News Agency, 23.01.2015*

Unemployment in Taiwan registered a 0.10-point monthly fall in December to 3.79 %, the lowest level for December in 14 years, the Directorate General of Budget, Accounting and Statistics (DGBAS) said. The December figure was also the lowest level since February 2007, when the jobless rate stood at 3.78. The jobless rate for 2014 fell to a new low since 2007. The DGBAS said an improving local job market reflected a recovery of economic fundamentals, adding that as the local economy is expected to strengthen further this year, the job market could fare better.

### **Overseas production ratio of Taiwan's export orders on the rise**

*Focus Taiwan, 21.01.2015*

The percentage of export orders received by Taiwan-based companies but produced overseas rose dramatically in 2014 (between 49.5—52.1 %) to set a record high for a full year, the MOEA reported. The Ministry attributed the generally rising overseas production ratio to labor costs and other expenses that are higher in Taiwan than in other countries. It also reflected the rising ratio of orders being produced overseas by Taiwanese companies in the information and communications technology (ICT) and electronics sectors. Taiwan's export orders rose to US\$472.8 billion in 2014, up 6.7 % from a year earlier.

### **Output of Taiwan's manufacturing sector forecast to grow 2.93%**

*Focus Taiwan, 21.01.2015*

The value of the output of Taiwan's manufacturing sector is expected to grow 2.93 % this year from a year earlier to reach NT\$19.55 trillion (US\$619 billion) because of the global economic recovery, according to the Industrial Economics and Knowledge Center (IEK). The IEK said the plunge in international crude oil prices should help Taiwan's manufacturing sector cut its operating costs and bolster its total production value, and the sector should also get a boost from rising domestic consumption. The research report showed that the information technology segment is expected to remain the catalyst of growth in the manufacturing sector in 2015.

### **Inbound Taiwan investment up 16.96 percent in 2014**

*Taiwan Today, 20.01.2015*

Approved inbound investment in Taiwan reached US\$5.77 billion for 2014, up 16.96 % year-on-year, according to the Ministry of Economic Affairs (MOEA). The top five sources of foreign direct investment in Taiwan were the British Caribbean Territories, US\$1.52 billion; Germany, US\$558.8 million; Japan, US\$548.8 million; Hong Kong, US\$511.4 million; and Samoa, US\$507.5 million. Finance and insurance, electronic component manufacturing, retail and wholesale, real estate and chemical material manufacturing were the five most popular investment targets, accounting for 68.73 percent of all FDI in Taiwan last year.

### **Barclays expects Taiwan's 2015 GDP to grow 4.5%**

*Focus Taiwan, 17.01.2015*

British banking group Barclays has forecast that Taiwan's gross domestic product (GDP) will grow 4.5 % in 2015 because of the sustained economic recovery in the US and a plunge in international crude oil prices. Barclays' forecast was more optimistic than that made by Taiwan's government, which predicted in late November that the country's GDP will grow 3.50 % year-on-year in 2015.

### **Taiwan's exports, imports down in December but up for the year**

*Focus Taiwan, 09.01.2015*

Taiwan's exports grew 2.7 % in 2014 to a record high US\$313.84 billion, while imports rose 1.6 % to US\$274.23 billion, according to the Ministry of Finance. The country had a trade surplus of US\$39.61 billion in 2014, an



increase of US\$4.06 billion from the previous year, helped by a trade surplus of US\$4.45 billion in December, which was about twice the amount seen a year earlier. Exports hit a new record primarily because of robust demand for electronic products. Electronics exports accounted for 31.9 % of the country's exports and totaled US\$99.99 billion in 2014, up 13.5 % for the year. China continued to be Taiwan's largest export market in 2014, with 39.7 % of the country's worldwide exports going there. Exports to China rose 2.9 % last year to US\$124.69 billion. Taiwan's next biggest market was the six biggest markets in the Association of Southeast Asian Nations, which accounted for 18.7 % of Taiwan's exports.

#### **Consumer price index rose 1.2 % in 2014**

*Central News Agency, 07.01.2015*

Local consumer price index (CPI) rose 1.2 % in 2014, the sixth consecutive year it has risen by less than 2 %, according to Directorate General of Budget, Accounting and Statistics (DGBAS). Core inflation (not including the prices of fruits, vegetables and energy) was up 1.26 % for the year. The price of a basket of 17 household necessities--including rice, pork, bread, eggs, sugar, cooking oil, shampoo and toilet paper--rose 5.35 % in 2014, the highest rise since 2008. That increase and a 3.74 % rise in food prices year-on-year explained why many consumers still felt the pinch of higher prices in 2014 despite the generally low level of inflation, especially as wages continued to stagnate. Meanwhile, the WPI index fell 0.51 % from 2013, DGBAS said.

#### **Taiwan's per capita debt increases to US\$7,254 in December**

*Taiwan News, 07.01.2015*

Government debt per person in Taiwan increased to NT\$232,000 (US\$7,254) as of the end of December 2014, an increase of NT\$3,000 from the end of the previous month, according to the Ministry of Finance. The ministry said outstanding debt with a maturity of more than one year stood at NT\$5.25 trillion as of the end of December, while outstanding short-term debt (maturing in less than a year) was NT\$190 billion.

## **6. Technology/Innovation**

#### **Taiwan Photon Source opens, expected to boost nanotech research**

*Central News Agency, 25.01.2015*

A state-of-the-art Taiwan Photon Source (TPS) center was opened in Hsinchu, with the goal of improving Taiwan's research and development competitiveness in the fields of biomedicine, nanotechnology, semiconductors and other areas of science. The Taiwan Photon Source will become one of the brightest synchrotron light sources in the world this year. The center is scheduled to complete five beamlines and their experimental stations by the end of 2015, with the ultimate goal of building 25 beamlines and 50 stations.

#### **MediaTek straps into hot wearables with new chip**

*The China Post, 08.01.2015*

Taiwanese semiconductor heavyweight MediaTek Inc. unveiled a new chip designed specifically for wearable devices running Google Inc.'s Android Wear operating system. The MT2601 system-on-chip (SoC), now in mass production and available to MediaTek's partners for sampling, comes with a small printed circuit board (PCB) size of less than 480 mm x 480 mm. What makes the chip special is that it is built with "41.5 % fewer components" and is less power hungry than similar SoCs for wearables on the market. The chip's small PCB size meets the design requirements of the widest variety of wearable devices in sports and fitness, location tracking, and various other categories.

#### **CES: HTC to design products for Under Armour's fitness app**

*Central News Agency, 07.01.2015*

Taiwanese handset maker HTC Corp. and Under Armour Inc. (UA), an American sports clothing and accessories supplier, announced a strategic partnership that will add a newly launched fitness app to HTC's product line. The app's features include motion and GPS activity tracking from mobile sensors and third party devices, analysis from individual workouts and a total snapshot of the user's progress -- including steps, sleep, caloric burn, heart rate and weight.